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NEW IMPERIAL MINES LTD.

ANNUAL REPORT 1969



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NEW IMPERIAL MINES LTD.

OFFICERS

ARNOLD PITT, Chairman
DAVID M. MORGAN, President and Chief Executive Officer
RAYMOND O. HAMPTON, Secretary-Treasurer

DIRECTORS

E. S. AUSTIN
E. B. GILLANDERS
K. KAWAKAMI
A. B. McKERRON
D. M. MORGAN
W. A. MORRICE
A. PITT
G. W. H. RELLY
P. M. REYNOLDS
M. YOKOSE

TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY,
Vancouver, B.C.; Toronto, Ont.;
Montreal, Que.; Calgary, Alta.

BANKERS

TORONTO-DOMINION BANK,
Vancouver, B.C.; Whitehorse, Y.T.

SOLICITORS

LAWRENCE & SHAW,
Vancouver, B.C.

AUDITORS

McDONALD, CURRIE & CO.,
Vancouver, B.C.

COMPANY OFFICES

HEAD OFFICE:
1130 Guinness Tower, 1055 West Hastings Street,
Vancouver, B.C.

MINE OFFICE:
Box 2380, Whitehorse, Y.T.

SHARES LISTED

TORONTO STOCK EXCHANGE
VANCOUVER STOCK EXCHANGE

ANNUAL GENERAL MEETING

Kent Room,
Hotel Georgia,
Vancouver, B.C.
Tuesday, April 28, 1970.
10:00 a.m.

DIRECTORS' REPORT TO THE SHAREHOLDERS

EARNINGS

Increased throughput of ore containing a better grade of copper, together with favourable metal prices, combined to produce a substantial increase in earnings for 1969. This was partially offset by higher operating costs in the latter part of the year, when the War Eagle mine was brought into production. The operating income was \$5,621,784 and, after provision for depreciation, loss on disposal of fixed assets and interest on funded debt, the net earnings were \$4,375,452. This represents earnings per share of 52.1¢, on the 8,392,302 shares issued.

OPERATIONS

The nature of the ore processed varies with each of our orebodies. However, the mill staff were able to anticipate the changes and recoveries were maintained at the level predicted by metallurgical studies. The ore supplied by the War Eagle mine, located nine miles from the plant, is harder and of a more abrasive character than that from previously mined orebodies. This has increased maintenance costs as the wear and tear on the equipment is substantially greater.

The average daily tonnage milled during the year was 2,207 tons, as compared to 2,006 tons in 1968. In order to sustain this production it was necessary to purchase four haulage trucks, a front-end loader and a drill.

UNDERGROUND PROGRAM

The underground mining program was started in November 1969, when the decline leading to the Little

Chief deep orebody was collared. This decline is 15 feet wide and 10 feet high, with a downward grade of 15 percent. The overall length will be 5,250 feet, with completion expected in the latter part of 1970. Stope preparation for the sub-level retreat mining method should be completed in 1971. This type of mining can be highly mechanized and thus utilize the modern equipment now being used for driving the decline.

SURFACE DEVELOPMENT

Sufficient diamond drilling was completed on the Gem orebody to prove 822,000 tons of ore averaging 1.00% Cu. This will be mined after the War Eagle mine is completed in early 1971. It and the Keewenaw mine will be the source of mill feed until the underground reaches full capacity.

EXPLORATION

The systematic exploration of the Company's 596 mineral claims, situated on the Whitehorse copper belt, progressed satisfactorily during the year. Further anomalies in the Gem area were outlined by geophysical methods and initial drilling of these anomalies has been encouraging. The 1970 program will concentrate on this area, where the potential for increasing ore reserves is considered good.

ORE RESERVES

After milling 805,519 tons, ore reserves increased to 9,148,000 tons at 1.65% Cu from 8,788,000 tons at 1.68% Cu in 1968.

NEW IMPERIAL MINES LTD.

LONG TERM DEBT

The repayment of \$1,081,264 and \$540,000, being the balances on the loans from The Toronto-Dominion Bank, was made in 1969.

Partial repayment of the Sumitomo loan had been made when new financing was arranged in October. The balance of the loan was repaid in full, with \$1,202,501 U.S. being converted into 1,000,001 shares, at Sumitomo's option, as provided for in the original loan agreement.

The Company received from Hudson Bay Mining and Smelting Co. Limited and Anmercosa Investments Limited (a wholly owned subsidiary of Anglo American Corporation of Canada Limited), \$2,400,000 for 1,000,000 shares at \$2.40 per share, and \$2,850,000 for 7% Income Bonds, being a total of \$5,250,000. Options on 1,000,000 shares at \$3.00 per share, exercisable up to December 31, 1972, have been granted to Hudson Bay and Anmercosa.

This financing was undertaken to enable the Company to embark on the underground development program. The cash on hand, as well as future earnings, will be used to meet the projected cash requirements to bring this mine into production. In addition, a line of credit up to \$1,250,000 has been arranged with The Toronto-Dominion Bank to cover any temporary cash shortages.

DIRECTORS

At a meeting of the Board of Directors on October 27, 1969, Mr. G.C. Snell, who had served since 1964, and Mr. K. Maeda, since 1967, resigned their director-

ships to facilitate the financing arrangements. We are appreciative of their services over the years.

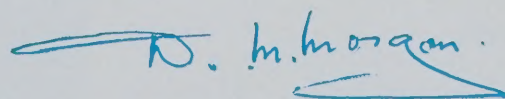
Appointments made were Mr. A.B. McKerron and Mr. G.W.H. Relly representing Anmercosa Investments Limited, and Mr. E.S. Austin and Mr. W.A. Morrice representing Hudson Bay Mining and Smelting Co. Limited. Also at that time Mr. A. Pitt was named Chairman and Mr. D.M. Morgan, President and Chief Executive Officer of the Company.

It was with deep sorrow that we learned of the death of Mr. E.G. Lambert in an aircraft crash in November 1969. Mr. Lambert had served on the Board since 1964 and had provided valuable guidance in financial matters.

ACKNOWLEDGMENT

On behalf of your Directors, it is a pleasure to extend to management and to all employees our thanks for their service, loyalty and co-operation, which made possible the success of the Company during the past year.

On behalf of the Board,



President

February 27, 1970

REPORT OF THE MINE MANAGER

THE PRESIDENT AND DIRECTORS NEW IMPERIAL MINES LTD.

This report summarizes operation and exploration activities at the Company's Whitehorse property for the 1969 fiscal year.

OPEN PIT MINING

During the year we completed the mining of the Little Chief and Arctic Chief open pits. The haulage road was extended to the War Eagle mine, and by the year end mining was well in progress on both the south and north pits. Mill feed will be supplied from this area until early 1971.

SUMMARY OF PRODUCTION

	Year Ended December 31 1969 Tons	Year Ended December 31, 1968 Tons
Ore from:		
Stockpile	145,274	-
Little Chief Pit	188,774	748,946
Arctic Chief Pits	124,511	174,482
War Eagle Pits	346,960	-
Waste from:		
Little Chief Pit	96,638	2,238,154
Arctic Chief Pits	129,696	252,500
War Eagle Pits	1,001,685	-
Ore Milled.	805,519	732,095
Grade of Copper	1.09%	1.03%
Recovery	86.5%	80.6%
Copper produced (lbs.) . .	15,169,466	12,159,641

MILLING OPERATION

During 1969 ore from the Little Chief, Arctic Chief and War Eagle deposits was processed. Despite vary-

ing physical and metallurgical characteristics, circuit improvements and adjustments resulted in a significantly improved mill performance. Tonnage processed increased by 10% over the previous year and recovery improved by 6%.

DEVELOPMENT

The driving of a decline on a 15% grade was started in early November. This will provide access to the deep ore in Little Chief, for mining with trackless equipment. It will also provide us with a more economical approach for carrying out exploration of the Middle Chief and Big Chief extensions.

The right of way for the 6-1/2 mile haulage road to the Gem and Keewenaw orebodies has been cleared. This road will be constructed and the initial development of these pits for mining will be started by mid 1970.

EXPLORATION

Extensive exploration of the property continued during the 1969 field season. Geological, magnetic and electromagnetic surveys were completed over 194 line miles of selected target areas. Geochemical surveys carried out in two areas resulted in the definition of interesting anomalies. Evaluation of the summer's work is still in progress.

A total of 20,000 feet of diamond drilling was carried out in various parts of the property. Drilling on War Eagle South increased our ore reserves by 225,000 tons of 1.24% Cu. The final open pit design on the Gem orebody added an additional 822,000 tons of 1.00% Cu.

Six anomalies, outlined by the exploration work south of the Gem orebody, were diamond drilled and ore grade mineralization was encountered in four of them. A detailed magnetometer survey is currently in pro-

NEW IMPERIAL MINES LTD.



View of main plant buildings showing crusher, concentrator, administration offices and maintenance garage at Whitehorse.

gress on the largest of these anomalies. Further diamond drilling is planned for this area.

Geochemical surveying and induced polarization work is planned over selected areas of the property in the 1970 season.

ORE RESERVES

As of December 31, 1969, the proven and inferred ore reserves were:

	Tons	% Cu
War Eagle North.	699,000	at 1.43
War Eagle South.	380,000	1.04
Best Chance	357,000	1.11
Keewenaw	485,000	1.05
Gem	822,000	1.00
Cowley Park	1,405,000	0.86
Total Open Pit Ore.	4,148,000	1.06
Little Chief Underground	5,000,000	2.14
Total	9,148,000	1.65



General View of the War Eagle mine after six months of operation.

CAPITAL EXPENDITURES

An amount of \$1,345,887 was expended for mining equipment and improvement of facilities for operating at War Eagle as well as mobilizing the underground.

ACKNOWLEDGMENT

Sincere appreciation is extended to all employees for their efforts in 1969.

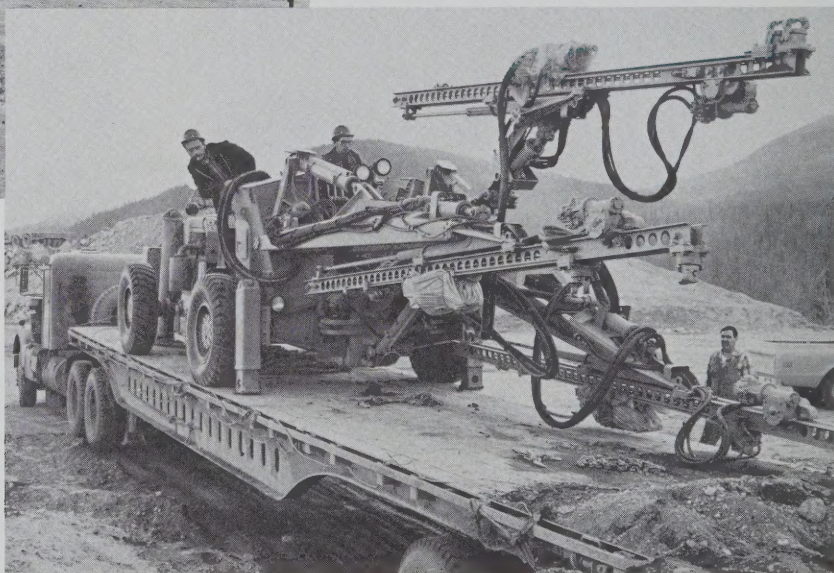
W. A. Sloan

Mine Manager

Whitehorse, Yukon Territory
February 20, 1970



Underground portal in left background, showing mine air heater ducting entering portal, with two Load Haul Dump vehicles in the foreground.



Motorized triple boom jumbo drill used for underground development being delivered to the mine site.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the statement of financial position of New Imperial Mines Ltd. as at December 31, 1969 and the statements of earnings and retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Generally accepted accounting principles, as presently applied to mining, require that deferred expenditures be amortized by charges to income in amounts and over periods which can vary according to the rate at which ore reserves will be absorbed into production. The company does not amortize deferred expenditures by a charge to current operations but has adopted a policy referred to in note 3(b). It is not possible or practicable to determine the ultimate ore reserves or the life of the mining properties at this time. Based on presently determined ore reserves, the earnings for the year would have been reduced by approximately \$480,000 if deferred expenditures related to the properties from which production has been obtained had been amortized. On this basis total amortization from commencement of production would be approximately \$780,000 and retained earnings would have been reduced by that amount.

Subject to the qualification set out in the preceding paragraph, in our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and use of its working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

NEW IMPERIAL MINES LTD.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 1969

	1969 \$	1968 \$
CURRENT ASSETS		
Cash and short term deposits	1,608,514	316,275
Concentrate settlements receivable, at estimated realizable value.	274,321	72,301
Accounts receivable.	15,796	8,763
Concentrate inventory (for which a sales contract has been made), at estimated net realizable value	2,879,786	1,176,082
Broken ore inventory, at cost.		183,800
Mine materials and supplies, at cost	594,687	456,508
Prepaid expenses	90,094	96,309
	<u>5,463,198</u>	<u>2,310,038</u>
<i>Deduct:</i>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	831,240	549,008
Yukon royalty	175,000	34,613
Long-term debt maturing within one year (note 4)	4,300	1,093,105
	<u>1,010,540</u>	<u>1,676,726</u>
WORKING CAPITAL	4,452,658	633,312
OTHER ASSETS		
Loan to director		9,000
Mining properties (note 1)	623,665	486,086
Plant and equipment, less accumulated depreciation (note 2)	7,281,465	6,755,234
Deferred expenditures (note 3).	4,101,208	3,175,175
	<u>16,458,996</u>	<u>11,058,807</u>
<i>Deduct:</i>		
LONG-TERM DEBT, less amounts maturing within one year (note 4)	3,082,194	5,811,923
SHAREHOLDERS' EQUITY	<u>13,376,802</u>	<u>5,246,884</u>
REPRESENTED BY:		
Capital stock (notes 5 and 6)		
Authorized — 10,000,000 shares without nominal or par value		
Issued and fully paid — 8,392,302 shares (1968 — 6,368,001 shares)	7,176,450	3,421,984
Retained earnings	6,200,352	1,824,900
	<u>13,376,802</u>	<u>5,246,884</u>

Signed on behalf of the Board:
 ARNOLD PITT, Director
 D. M. MORGAN, Director

STATEMENT OF EARNINGS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969 \$	1968 \$
REVENUE FROM CONCENTRATES PRODUCED	11,755,275	6,976,063
Less: Treatment and marketing costs	<u>1,659,039</u>	<u>1,296,211</u>
	10,096,236	5,679,852
EXPENDITURES		
Cost of concentrate production	3,752,408	2,760,050
Administration (including interest of \$22,477 on mortgage loans)	547,044	514,518
Provision for Yukon royalty	<u>175,000</u>	<u>30,000</u>
	4,474,452	3,304,568
OPERATING INCOME	5,621,784	2,375,284
INTEREST ON 7¾% FIRST MORTGAGE BONDS, 7% INCOME BONDS, 6% MORTGAGE BONDS AND 6½% LOAN	<u>426,676</u>	<u>133,828</u>
EARNINGS WHICH PROVIDE WORKING CAPITAL	<u>5,195,108</u>	<u>2,241,456</u>
OTHER EXPENSES		
Depreciation	806,421	624,408
Loss on disposal of fixed assets	13,235	4,071
Accrued interest on 6% mortgage bonds	<u> </u>	<u>354,242</u>
	819,656	982,721
NET EARNINGS FOR THE YEAR (note 7)	4,375,452	1,258,735
RETAINED EARNINGS — BEGINNING OF YEAR	<u>1,824,900</u>	<u>566,165</u>
RETAINED EARNINGS — END OF YEAR	<u>6,200,352</u>	<u>1,824,900</u>

NEW IMPERIAL MINES LTD.

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1969

	1969 \$	1968 \$
SOURCE		
Operations	5,195,108	2,241,456
Loan to director repaid.	9,000	1,000
6½% loan.		540,000
Mortgages	59,440	6,970
Capital stock (note 5).	3,754,466	313,230
7% income bonds.	<u>2,850,000</u>	
	<u>11,868,014</u>	<u>3,102,656</u>
USE		
Deferred expenditures (note 3).	926,033	500,485
Plant and equipment additions — net	1,345,887	700,076
Mining properties.	137,579	92,596
Long-term debt repaid and due in current year	<u>5,639,169</u>	<u>1,617,408</u>
	<u>8,048,668</u>	<u>2,910,565</u>
INCREASE IN WORKING CAPITAL	3,819,346	192,091
WORKING CAPITAL — BEGINNING OF YEAR	<u>633,312</u>	<u>441,221</u>
WORKING CAPITAL — END OF YEAR	<u>4,452,658</u>	<u>633,312</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1969

1. MINING PROPERTIES

Mining properties as at December 31, 1969 are as follows:

	Number of claims	Amount \$
Mineral claims staked — at nominal value.	430	7,924
Mineral claims purchased — at cost	100	565,741
Mineral claims under option — at option prices less amounts due under option agreements of \$73,000 to be paid in instalments extending to 1972 of which \$23,000 is due in 1970	66	50,000
	<u>596</u>	<u>623,665</u>

2. PLANT AND EQUIPMENT

Plant and equipment costs and related accumulated depreciation, calculated on a straight line basis, are as follows:

	1969				1968
	Cost \$	Annual rate	Accumulated depreciation \$	Net \$	Net \$
Mining equipment	2,368,592	20%	935,105	1,433,487	1,198,455
Plant and equipment	6,116,248	5%	721,676	5,394,572	5,149,695
Staff houses and land	<u>492,469</u>	4%	<u>39,063</u>	<u>453,406</u>	<u>407,084</u>
	<u>8,977,309</u>		<u>1,695,844</u>	<u>7,281,465</u>	<u>6,755,234</u>

3. DEFERRED EXPENDITURES

(a) The balance of deferred expenditures at December 31, 1969, is as follows:

	\$	\$
Balance — December 31, 1968.		3,175,175
Expenditures during the year —		
Little Chief-underground	59,518	
War Eagle	557,688	
Best Chance.	16,646	
Gem.	167,538	
Cowley Park.	55,959	
Bear Cub	64,994	
Keewenaw	1,840	
Other.	<u>1,850</u>	<u>926,033</u>
Balance — December 31, 1969.		<u>4,101,208</u>

NEW IMPERIAL MINES LTD.

- (b) The company does not amortize deferred expenditures by a charge to current operations. Under the Federal Income Tax Act these expenditures can be deferred until the end of the three year tax exempt period, which expires on July 31, 1970. It is the company's intention to write off these expenditures to retained earnings after that period.

	1969	1968
	\$	\$
4. LONG-TERM DEBT		
(a) 7% Income Bonds, maturing December 31, 1976, repayable semi-annually out of 50% of operating profits commencing June 30, 1973	2,850,000	
(b) 7 ³ / ₄ % first mortgage bonds		1,081,264
(c) 6% mortgage bonds		4,383,150
(d) 6 ¹ / ₂ % loan		540,000
(e) 6 ³ / ₄ %, 7 ³ / ₄ % and 8 ³ / ₄ % mortgage loans due by 1994, repayable at \$2,383 per month, which includes principal, interest and taxes, secured by charges on land and houses for company employees	<u>236,494</u>	<u>177,054</u>
	3,086,494	6,181,468
Accrued interest		<u>723,560</u>
	3,086,494	6,905,028
Less: Portion maturing within one year included with current liabilities	<u>4,300</u>	<u>1,093,105</u>
	<u>3,082,194</u>	<u>5,811,923</u>

The 7% income bonds are secured by a deed of trust and mortgage constituting fixed and floating charges on all properties and assets of the company, except for land and houses for company employees, now or hereafter acquired.

5. CAPITAL STOCK

- (a) Since incorporation, the following shares have been issued for the consideration indicated:

	Shares	Amount
		\$
For cash	7,561,907	6,663,187
For services	352,826	34,987
For properties	<u>477,569</u>	<u>478,276</u>
	<u>8,392,302</u>	<u>7,176,450</u>

- 1.85
- (b) During the year ended December 31, 1969, the company issued 2,024,301 shares for \$3,754,466 cash. This includes the issue of 1,000,001 shares to Sumitomo Metal Mining Co. Ltd. on exercise of its option to convert \$1,202,501 U.S. of the 6% mortgage bonds into shares. 1.20
- (c) The long-term debt described under 4(a) above imposes certain restrictions as to the payment of dividends.

6. STOCK OPTIONS OUTSTANDING

- (a) Hudson Bay Mining and Smelting Co. Limited and Anmercosa Investments Limited each have the option to purchase 500,000 shares at \$3.00 per share on or before December 31, 1972.
- (b) The company has granted, as an incentive to senior salaried employees of the company, options to purchase a total of 73,000 shares of the capital stock of the company at a price of \$2.60 and \$2.65 per share. These options are exercisable in varying amounts to April 30, 1971. To December 31, 1969, 42,634 of these shares had been purchased under the options; options on 20,366 shares had been cancelled; and options on 10,000 shares remained outstanding.

7. INCOME TAXES

Under the provisions of the Income Tax Act, the company is exempt from income taxes for a three year period from August 1, 1967, the date the Department of National Revenue deems the company to have commenced production.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Senior officers, as defined by the Alberta Securities Act, 1967, include the five highest paid employees of a company. The aggregate direct remuneration paid during 1969 to the directors and said senior officers (one of whom is mine personnel) amounted to \$134,356.



Vessel at Vancouver berth receiving concentrate from the conveyor belt.

Concentrate being transferred from storage shed at Vancouver to the conveyor hopper for loading on board ship.





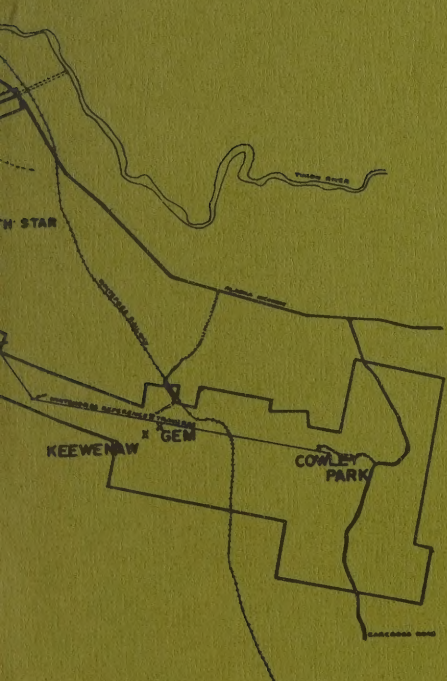
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NEW IMPERIAL MINES LTD.

QUARTERLY REPORT

Quarter and Half-Year
Ended June 30, 1969



NEW IMPERIAL MINES LTD.

Head Office:	Toronto Office:
#310 - 355 Burrard St.	#801 - 85 Richmond St. West
Vancouver 1, B.C.	Toronto 1, Ont.

NEW IMPERIAL MINES

TO THE SHAREHOLDERS:

Earnings

Operations in May and June achieved new monthly records and, as a result, the highest quarterly production to date was attained. Continuing favourable copper prices and improved daily throughput of the mill have contributed to record earnings during the second quarter. The net earnings for the three months ended June 30, 1969 amounted to \$1,559,630, or 24.3c per share. These earnings, combined with first quarter results, show a net income of \$2,194,426 for the first six months of the fiscal year, which is equivalent to 34.3c per share.

Mine and Mill Operations

The Little Chief open pit was completed in June, and mining from the War Eagle pit commenced in early July.

Improvements made to the mill in the past year have resulted in better mill performance. Tests indicate that a substantial increase in copper recovery can be expected with the War Eagle ore.

Exploration and Development

This year's surface exploration program on the southern portion of the copper belt is nearing completion. A limited program of geochemical soil sampling has outlined several anomalies which are being further checked by other geophysical methods. Results are encouraging and the mine staff are analysing the data gathered.

On behalf of the Board

ARNOLD PITT
President

August 8, 1969

SUMMARY OF OPERATIONS

	Three 1969
Tons of ore milled (dry)	205,496
Grade of ore, copper	1.1
Recovery	83.3
Concentrate grade	30.8
Copper produced, lbs.	4,073,454
Average copper price per lb. (cents)	65.0
MARKET VALUE OF PRODUCTION, including gold and silver	\$3,247,450
Deduct:	
Production costs, administration, transportation, marketing	1,403,939
OPERATING PROFIT	1,843,511
Deduct:	
Depreciation, interest, exploration and royalties	283,881
NET INCOME	\$1,559,630
SHARES ISSUED	6,390,301
EARNINGS PER SHARE	24.3

STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

SOURCE OF WORKING CAPITAL

Operations	
Add: Non-cash outlays	
Depreciation	
Interest	
Loss on disposal of fixed assets	

Sale of shares	
Loan to director repaid	
Refinancing of loan	
Mortgages	

USE OF WORKING CAPITAL

Deferred expenditures	
Plant and equipment additions - net	
Mining properties	
Long term debt repaid and due in current year	

INCREASE (DECREASE) IN WORKING CAPITAL

WORKING CAPITAL - BEGINNING	
WORKING CAPITAL - ENDING	

TD.

Ended	First Six Months of Fiscal Year	
1968	1969	1968
195,227	376,743	356,275
1.06%	1.19%	1.00%
80.1%	84.3%	78.3%
32.66%	30.74%	31.91%
2,298,194	7,546,632	5,577,573
51.9	62.4	50.5
997,865	\$5,506,876	\$3,273,593
180,822	2,689,131	2,280,560
817,043	2,817,745	993,033
269,818	623,319	552,633
547,225	\$2,194,426	\$ 440,400
6,137,233	6,390,301	6,137,233
8.9c	34.3c	7.2c

CAPITAL

	\$2,194,426	\$ 440,400
	339,450	284,170
	72,397	151,100
	6,481	—
	2,612,754	875,670
	58,080	15,700
	9,000	—
	—	539,995
	60,795	—
	2,740,629	1,431,365
	552,496	96,491
	490,380	233,834
	10,000	31,645
	903,800	1,304,300
	1,956,676	1,666,270
	783,953	(234,905)
	633,312	441,221
	\$1,417,265	\$ 206,316

NEW

TO THE SHAREHOLDERS:

Earnings

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Mine and Mill Operations

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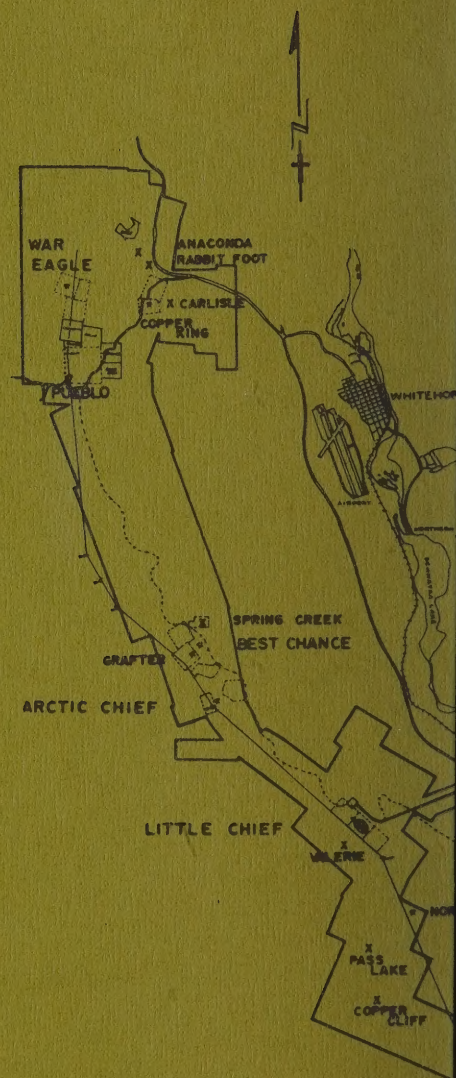
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On behalf of the Board

ARNOLD PITT
President

August 8, 1969



NEW IMPERIAL MINES LTD.			
MINES LOCATION PLAN			
DATE	BY	SCALE	REVISION
1969	10-10	1" = 1/2 MI.	
1969	10-10	1" = 1/2 MI.	